



School Business Alert

June 2017

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FINANCIAL

Annual Reminder: Billing for Supplementary Weighting

Open Enrollment and Concurrent Enrollment Supplementary Weighting

Districts offering concurrent enrollment courses and eligible Project Lead the Way (PLTW) courses may bill resident districts for the supplementary weighting generated on open-enrolled students enrolled in the contracted courses. Bills for the supplementary weighting can be generated using the information provided in the Student Reporting In Iowa (SRI) application. Before paying a bill for supplementary weighting, the resident district can verify the information by reviewing the Supplementary Weighting (Non-Fall) application in the [Iowa Education Portal](#). When computing the supplementary weighting, use the student's resident district cost per pupil of the year in which the course was taken. Directions for generating and verifying the bills are located [here \(IAC 281—17.10\(8\)\)](#).

Whole Grade Sharing and Concurrent Enrollment Supplementary Weighting

For districts in a whole grade sharing arrangement, supplementary weighting generated on resident students remains with the resident district unless some other arrangement has been articulated in the whole grade sharing agreement. Iowa Code is silent on the subject of billing a whole grade sharing partner for concurrent enrollment supplementary weighting. Options for distributing this supplementary weighting include:

- negotiating a higher per pupil rate for whole grade shared students in grades 9-12
- having the community college contract directly with the sharing partner for concurrent enrollment courses taken by the sharing partner's resident students

Shared Teacher and Supplementary Weighting

When two districts agree to share a teacher, only one district holds the contract for the teacher. The district buying a portion of the contract may generate supplementary weighting on their resident students enrolled in courses taught by the shared teacher. Eligibility for supplementary weighting is dependent on the purchasing district not having a licensed and endorsed teacher available within the school district to teach the course(s) being provided by the shared teacher ([Iowa Administrative Code IAC 281—97.2\(3\)](#)). The supplementary weighting incentive is for the non-contract holding district. The district holding the contract is able to retain a teacher and also have a portion of the contract paid by another district.

Other Billing Situations

1. Whole grade sharing billing for 2nd semester is based on the count of resident students from the sending district on the second Friday in January ([Iowa Code section 282.12\(4\)](#)). In the 2016-2017 school year, second semester count for whole grade sharing occurred on January 13, 2017.
2. If a sharing district elects not to enter into a whole grade sharing agreement when sharing “all or a substantial portion of the students in any grade” with another school district for “all or a substantial portion of a school day, then no students in that grade level are eligible for supplementary weighting except as authorized by [IAC 281—97.5](#),” Supplementary weighting plan for whole-grade sharing ([IAC 281—97.2\(8\)](#)).
3. There is no billing of costs incurred for students taking high school, concurrent enrollment, or postsecondary enrollment options (PSEO) courses who are enrolled in the public district as:
 - Competent private instruction (CPI) dual enrolled ([Iowa Code section 257.6\(3\) and \(7\)](#))
 - Open enrolled CPI dual enrolled ([Iowa Code section 257.6\(3\) and \(7\)](#))
 - Independent private instruction (IPI) for concurrent enrollment only ([Iowa Code section 261E.8\(2\)](#))
 - Nonpublic shared time ([Iowa Code section 257.6\(3\) and \(7\)](#))
 - Jr/Sr rule ([Iowa Code section 257.6\(4\)](#))

The weightings generated were, or will be, included in the attending district’s certified enrollment.

4. No parent or student shall be billed for costs incurred from concurrent enrollment courses, even if the cost to the district exceeds the billable amount ([IAC 281—17.10\(8\)\(d\)](#)).
5. Districts cannot bill students or parents for failed concurrent enrollment courses.
6. A district can bill a parent (or student if 18 years of age) for the tuition cost of a failed PSEO course, the cost of equipment that becomes the property of the student, and the cost of a school-owned textbook that is not returned ([Iowa Code section 261E.7\(3\)](#)).
7. A serving district can only bill the resident district of an open enrolled student for tuition, supplementary weighting generated from concurrent enrollment, English language learner (ELL or LEP) supplementary weighting, and the teacher leadership district cost per pupil ([Iowa Code section 282.18\(9\)](#); [IAC 281—17.10\(8\)\(c\)](#)).

Contact [Carla Schimelfenig](#), 515-242-5612 with questions.

Whole Grade Sharing Supplementary Weighting

Year 1

For districts in a whole grade sharing arrangement that wish to receive year 1 whole grade sharing supplementary weighting, the district’s board-approved resolution to study reorganization must be submitted to [Carla Schimelfenig](#) by October 1. A board-approved resolution must be submitted for each partner in the whole grade sharing arrangement.

1. The resolution must be a separate action noted in the school board meeting minutes of each board. It may also be included in the whole grade sharing agreement, but passing the whole grade sharing agreement, alone, will not qualify a district for the supplementary weighting.
2. The resolution must include these three phrases:
 - a) The board adopts this resolution jointly with the _____ Community School District
 - b) To study the question of undergoing a reorganization (or dissolution, if applicable)
 - c) To occur on or before July 1, 2019 [an earlier date is acceptable]

3. Resolutions to study reorganization can now be uploaded to the Department of Education (Department) through the School Information Update application under the Grade Sharing tab.

Year 2 and Year 3

The Reorganization Progress Report is now available in the [Iowa Education Portal](#) for districts that wish to apply for Year 2 or Year 3 whole grade sharing supplementary weighting. Please do not complete the Reorganization Progress Report if your district is NOT in a whole grade sharing arrangement or if the district is in a whole grade sharing arrangement and does not wish to apply for whole grade sharing supplementary weighting in the 2017-2018 school year.

The Reorganization Progress Report is due August 1. If you have questions, contact [Carla Schimelfenig](#), 515-242-5612.

Joint Employment Whole Grade Sharing

Districts in a whole grade sharing arrangement desiring to apply for joint employment must submit the application by July 1. However, since July 1 falls on a Saturday this year, the application must be submitted no later than Monday, July 3.

According to [IAC 281—97.2\(4\)](#), the minimum requirements for joint employment include:

- a joint teacher evaluation process and instruments,
- a joint teacher professional development plan, and
- one single salary schedule.

Additional evidence that the partner districts, while not yet reorganized, are functioning as one may include such items as:

- same student information system
- same financial software
- identical calendars
- one website for both districts

For questions, please contact [Carla Schimelfenig](#), 515-242-5612.

Teacher Leadership and Compensation and Open Enrollment FY18

Compensation - All districts will receive Teacher Leadership and Compensation (TLC) through state aid in FY18. The source and project code of this funding is 3116. Districts that have carryover funds from the grant funding (project 3387) should use this funding first by coding expenditures to project 3387 up to the amount of the carryover before using the project 3116 funds.

Open Enrollment - In FY18, districts receiving TLC through state aid for the first time (grant districts in FY17) will pay open enrollment at the rate of \$312.16, which is their prior year's per pupil rate. The remaining districts will pay open enrollment at the rate of \$319.72, which is their prior year's per pupil rate.

If you have further questions, contact [Lora Rasey](#), 515-281-6719 on the program side; or [Denise Ragias](#), 515-281-4741, or [Janice Evans](#), 515-281-4740 for coding questions.

LEA Supplemental Aid for FY 16 Special Education Deficit

Payment went out earlier this month to districts that had a special education deficit in 2016. The supplemental aid payment should be coded to Source/Project 3113. Use program code between 211 and 219. This revenue source does not need matching expenditures.

Contact [Janice Evans](#) or [Denise Ragias](#) for questions.

Special Education Finance

The Tuition In Billing (TIB) program is now available for districts to complete their FY17 final year billings. Please remember that all school districts will need to submit their final year billings by July 15.

Again this year, you are required to enter student information by number of “**DAYS**” **only**. As in past years, upload must be completed to activate the TIB program. Districts should also clear edits related to special education accounts in the CAR 2017 COA Test Records application prior to sending bills through TIB.

Between June 1-22, districts should ensure all students have been entered into their TIB program, including all special education foster care, termination of rights, nonpublic, and high cost claims. Also to be entered, are students who are educated in day programs, residential programs, and hospitals.

Between June 19-July 3, all school districts should review and verify the accuracy of the tuition out information through the Special Education Supplement (SES). If it is determined that a student has been omitted, contact the district that provided educational services to ensure they add the student in their TIB program.

As you work to complete the TIB, if you have questions, submit them to TIB@iowa.gov. If you have questions pertaining to other special education finance issues, contact [Bill Roederer](#), 515-281-7972.

Nutrition Programs and Indirect Costs

Numerous districts have asked questions about capturing indirect costs for the Nutrition Fund, so we've put together some guidance below. Districts are not required to capture indirect costs. Indirect cost recovery is a **federal** concept and does not apply to any non-federal source.

Direct costs include salaries and benefits of food service workers, cost of purchased food (not commodities), and supplies and materials (not federal equipment grant) for the nutrition program. Indirect costs include business office, payroll, human resources, utilities, custodial services trash, equipment repair, etc. When applying the indirect cost rate, the district must first identify allowable costs across all federal programs in a consistent manner. Criteria for this determination include the following: are necessary, reasonable, allocable, legal under state and local law, conform with federal law, regulation and grant terms, consistently treated as direct or indirect, determined in accordance with Generally Accepted Accounting Principles (GAAP), not included as a cost or matching contribution of any other grant (except where allowed by federal regulations), net of applicable credits, and adequately documented. Allowable direct costs plus any indirect costs captured cannot exceed the amount of federal reimbursement the district has received.

The restricted indirect cost rate is the maximum rate a local education agency (LEA) or area education agency (AEA) may apply to federal grant programs that allow indirect cost recovery, and require that federal funds are used to supplement, not supplant non-federal funds.

The unrestricted indirect cost rate is the maximum rate an LEA or AEA may apply to federal grant programs that allow indirect cost recovery and do not have the supplement, not supplant provision.

The LEA may use up to the unrestricted indirect cost rate found on the Department's Indirect Cost Rate [webpage](#) for nutrition programs. Applying the maximum unrestricted rate against the direct costs of the award will generate the maximum indirect costs that may be recovered from the award. Indirect cost recoveries are that portion of the grant funding used to support the indirect costs of the program. The maximum unrestricted rate calculated for a program year will be applied to expenditures from the award in that year. If the grant award contains costs that are excluded from the direct or indirect cost base, the direct costs of the award will be modified to reflect the elimination of these costs from inclusion in the indirect cost reimbursement calculation. The indirect cost recovery is calculated by multiplying direct cost base by the indirect cost rate.

Federal expenditures (not to exceed federal reimbursement) / (1 + unrestricted rate) = direct cost base
 direct cost base x indirect cost rate = indirect cost recovery

Example:

District revenue for project 4552, School Breakfast Program	\$ 14,000
District revenue for project 4553, National School Lunch Program	<u>\$128,000</u>
Total federal revenues	\$142,000

District expenditures for salary and benefits	\$241,000
Supplies	\$ 12,000
Purchased food	<u>\$294,000</u>
Total expenditures	\$547,000

District's unrestricted indirect cost rate 11.34 percent

Federal expenditures (not to exceed federal reimbursement)	\$547,000 > maximum \$142,000
Federal expenditures (not to exceed federal reimbursement) /	\$14,000/(1 + .1134) =
(1 + unrestricted rate) = direct cost base for project 4552	\$12,574.10
Direct cost base x indirect cost rate =	
maximum indirect cost recovery for project 4552	\$12,574.10 x .1134 = \$1,425.90
Federal expenditures (not to exceed federal reimbursement) /	\$128,000/(1 + .1134) =
(1 + unrestricted rate) = direct cost base for project 4553	\$114,963.18
Direct cost base x indirect cost rate =	
maximum indirect cost recovery for project 4553	\$114,963.18 x .1134 =
	\$13,036.82

Since functions 25XX and 26XX are used to compute the unrestricted indirect cost rates, these cannot be recorded as direct costs for any federal program, including the Nutrition Fund programs. If the district has been reporting these as direct costs in the nutrition fund, they need to be coded as expenditures in the General Fund and then recorded in the Nutrition Fund as indirect costs, not exceeding the maximum allowable amount.

Since these indirect costs are related to expenditures in another fund, the district will record this through interfund transfers rather than intrafund transfers. Following are entries to record the indirect costs captured for the school nutrition programs.

School Nutrition Fund

Debit function 6200, object 910, project 4552 or 4553

Credit cash (interfund accounts payable is transferred after 6-30)

General Fund

Debit cash (interfund accounts receivable if cash transferred after 6-30)

Credit source 5261 in the General Fund (don't include project 4552 or 4553).

Contact [Denise Ragias](#) or 515-281-4741 or [Janice Evans](#) or 515-281-4740.

GENERAL INFORMATION

Community Eligibility Provision for Schools

In the 2014-2015 school year, the United States Department of Agriculture rolled out a new initiative called Community Eligibility Provision (CEP) to enhance the ability of districts to ensure all students have access to good nutrition through the National School Lunch Program. Eligible buildings have the potential for more students to qualify for free/reduced meals through this program. Buildings accepted into the program are also not required to collect completed free/reduced price meal applications from parents.

As the questions below discuss, this does require the district to “rethink” how it collects information on low socioeconomic status (SES) students in CEP buildings. The Iowa Department of Education is **requiring** CEP buildings to use a Household Survey to gather information from parents on income eligibility for things like fee waivers and accountability provisions. See the Community Eligibility Provision [webpage](#) for more information.

Top four questions about Community Eligibility Provision:

Do I qualify? Qualification for free/reduced meals by direct certification, food assistance number, migrant, homeless, foster, and Head Start all contribute to the Identified Student Percentage (ISP) minimum of 40 percent.

Is it financially feasible? While 40 percent of students is the minimum ISP allowed for a school or group of schools to participate, a level closer to 62.5 percent, when all meals are reimbursed at the free level, contributes more to sustain the food service operations. More information including a CEP Estimator and information about Title 1 is found at the [Community Eligibility Provision Resource Center](#).

If there are no meal eligibility applications, how do I indicate low SES status for a student? While no meal eligibility applications may be processed by food service for buildings participating in CEP, the list of students directly certified through the Department download may be provided by the food service department. For non-meal use (e.g., Title 1, fee waivers, etc.), information for additional students is provided through the use of Household Surveys. Best practice ideas include:

- Keep the survey simple.
- Tell the parents what services, benefits this information is used for.
- Have the survey be a part of registration materials.
- Include a checkbox that allows a family to decline and not report income information.

School districts will use multiple data sources to identify students who are low SES in their SRI systems. Students identified as low SES will include 1) students qualified on the direct certification list, 2) students qualified on the Household Survey, and 3) homeless, migrant, and foster care students who are not already qualified in items 1 and 2. The low-SES indicator in SRI is the new proxy for free/reduced price lunch lists in CEP buildings, since those lists are specific to use by the school lunch program and are not to be used for any other local purposes. For accountability provisions, the low-SES indicator is still the accountability measure used.

What is the deadline to sign up? Earlier deadline to sign up this year! June 30 is the deadline to indicate participation for new schools.

If you are considering starting a CEP in a new building for the 2017-2018 school year, email [Patti Harding](#) or [Ann Feilmann](#) before July 1. The deadline will not be extended this year.

For more information, contact [Ann Feilmann](#) 515-281-4757.

Certified Annual Report

FY17 Chart of Accounts Test Records

The CAR 2017 Chart of Accounts (COA) Test Records is now available through the [Iowa Education Portal](#). The COA Test Records mirror the CAR Upload and Reports. The COA Test Records allows for both individual account testing (use only Stages 1 and 2 to determine success) and full file account testing. Districts and AEAs are encouraged to begin testing now and fix as many problems as possible so that only matching sources and reconciliation edits are left to deal with over the summer. Messages for districts will be updated on the home screen as information is known.

Contact [Denise Ragias](#), 515-281-4741 for assistance with the uploads, edits, and reports. Contact [Janice Evans](#), 515-281-4740 for assistance with account codes and journal entries.

Local Source Codes

On the CAR, most state project codes (3xxx) go through a reconciliation process to verify that beginning balances plus revenues minus expenditures equal the reported ending restricted fund balance (for state projects). Local source codes (1112, 1113, 1116, 1118 and 1119) also go through this reconciliation process; however, it is not required that districts record revenue separately for these funds which are built into the state aid formula. To assist districts in this reconciliation, a table has been posted on the web with the amounts considered as revenue, either through state aid, modified supplemental amount from the School Budget Review Committee, or local match as required by law. The 2016-2017 Sources for Local Projects table can be found on the [Certified Annual Financial Reports](#) (CAR) webpage.

Contact [Denise Ragias](#), 515-281-4741 or [Janice Evans](#), 515-281-4740.

Ideas for a Successful End of Year and CAR Process

- Bank reconciliations should be done monthly throughout the year, but if these are not to date, get them caught up. Look at the major sources of income (property taxes and state aid) and make sure they've been coded properly.
- Look at state and federal grants and get those reconciliations started. If the money hasn't all been spent, talk to the superintendent or project managers, and let them know a balance is remaining, and find out what the plans are for this balance.
- In the Nutrition Fund, make sure state and federal, breakfast, and lunch revenues have been coded properly. Make sure student accounts are in good order.
- Look at fund balances and determine how they should be cleaned up or redefined. Committed and assigned funds should be adjusted if funds were used. Make sure the board has taken formal action on any new funds that should be committed by June 30.
- Take a look at general ledger balances to date. Is there anything that shouldn't be there? Are there negative balances? Do the balances look reasonable? Start researching early.
- Upload early! Test the account codes. A district should be able to get through Stage 1 and Stage 2 edits before the end of the year. Research any incorrect coding and negative balances and get those cleaned up early. Many Stage 3 and Stage 4 edits will appear since we are not yet at year end.

More ideas can be found in the document "Best Practices for a Successful and Timely CAR" located on the [Certified Annual Financial Report](#) page of the Department's website. Also on this webpage is a PowerPoint,

“How to Use the CAR-COA Upload,” which walks a user through the upload process, and the CAR Instructions.

Contact [Denise Ragias](#), 515-281-4741 or [Janice Evans](#), 515-281-4740.

Local Auditor Access to Prior Year Local Education Agency Financial Information

To view information on a local school district's prior year revenues from the state, go to [Edinfo](#) and click on the Auditor button in the bottom left-hand corner. You will then enter FY17 in the “Login ID” and click “Submit.” You will see the “Payments to Department of Education Subrecipients” screen. Enter the district's headquarter number or district name and hit the go button.

APPLICATIONS

Annual Transportation Report

In an effort to reduce reporting work for districts, the Annual Transportation Report (ATR) will be pre-populated with depreciation information from the Vehicle Information System (VIS) and financial information from the CAR. This financial information will first be pulled together on a Transportation Report in the CAR for a quick review by the district. The VIS must be updated with complete vehicle purchase information by July 1. The ATR is due September 15.

The ATR will continue to use source number 1981 for Fuel Tax Refund, when the refund is not in the same fiscal year as the expenditure. When the refund is received in the same year, it will be shown as net against the expenditures. Contact [Janice Evans](#) or [Denise Ragias](#) for questions regarding refund coding.

UPCOMING DEADLINES

Due Date	What's Due
June 30	Last Day to Pay Postsecondary Enrollment Options (PSEO) Tuition Due to Eligible Postsecondary Institutions
July 1	Joint Employment Whole Grade Sharing Applications Due
July 15	Last Day to Bill for Second Semester Special Education Tuition
July 15	Last Day to Bill for Second Semester Tuition

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If you have suggestions for future SBA articles,
please submit to [Marcia Krieger](#).

IOWA DEPARTMENT OF EDUCATION

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